

TO SAVE ROADS, PUT PAPER ON SAYS ELLIOTT

Lines Run Millions Behind
Normal Earnings, Big
System's Head Asserts.

IN INTEREST OF PUBLIC

Labor Leader Argues for U. S.
Ownership Before Rail-
road Experts.

If the public is to be the beneficiary of the maximum of efficient railroad service the railroads must be permitted to charge higher rates. Railroad at present are running millions of dollars behind what their earnings normally should be because of the increased cost of materials and higher wages.

This is the crux of the summation of the railroad situation by Howard Elliott, president of the Northern Pacific Railroad Company as made last night at the annual dinner of the Academy of Political Science in the Hotel Astor. The dinner closed the first day's session of the academy's thirty-ninth annual meeting, which was devoted to the reading of numerous papers on railroad legislation from the standpoint of shipper, investor and administrator.

Senator Poincaré, Representative Schuyler Merritt, Alfred P. Thom, general counsel for the Association of Railway Executives, and other prominent figures in the Brotherhood of Locomotive Firemen and Engineers, S. Davies Ward, president of the National Association of Owners of Railroad Securities, and H. H. Dixon, professor of economics in Princeton University, Baltimore, Md., were present. Mr. Elliott's treatment of the railroad situation, the most comprehensive of the lot, caused greater desire for free for all argument than any other. He read during the morning and afternoon sessions were open to subsequent debate. Unfortunately open controversy was impossible at the dinner, but echoes of Mr. Elliott's address will be heard to-day.

Condition of 260,000 Miles of Road

He reviewed the condition of the 260,000 miles of railroad in this country and dwelt especially upon the roads from the time when they were taken over by the Government. He declared that the net operating income of the three years generally known as the standard return approximated \$335,000,000. This was the Government's measure of the net earnings power of the railroads in this country at the time of the institution of Government control. Mr. Elliott added:

"The Interstate Commerce Commission had granted to the Eastern railroads in the summer of 1917 about half of the 15 per cent. increase asked for and granted the remainder on March 15, 1918, after the roads had passed under the control of the Government. The amount, however, was entirely insufficient, and on June 10, 1918, the Director-General made passenger rates 3 cents a mile instead of 2 cents and 24 cents a mile for freight. The result of State laws, and on June 25, 1918, increased freight rates about 25 per cent."

"The Administration naturally hoped that these increases in rates, together with economies from unified operation, would take care of the situation and that there would be sufficient earnings to pay expenses, taxes and the standard return to the owners."

First Year's Deficit \$238,000,000.

But, according to Mr. Elliott, the net operating income for the first year of Government operation did not meet the standard return by about \$238,000,000. Furthermore, he pointed out that for the first six months of 1919 the net operating income had not reached \$124,000,000, and that "there is an indication that the total deficit for the year may reach \$380,000,000 for all railroad operations."

Mr. Elliott declared that equipment must be brought up to date if the railroad system is to be efficiently maintained. The cost bill of the railroads prior to the war was about \$225,000,000 annually; now it is nearly \$500,000,000. Within the next few years, Mr. Elliott estimated, about \$500,000,000 more will be spent upon equipment, shops, tools, tracks, terminals, electrification and so on. And regarding taxes, he said that the railroads paid about \$193,000,000 in 1910, whereas they are paying \$250,000,000 for 1919. Then he said:

"There is every reason now to expect that the roads will be returned to the owners on January 1, 1920, and that some legislation before that date will be passed that will protect the situation until the necessary readjustments between income and outgo can be made and the earning power of the roads restored."

"Without an increase in rates a large number of railroad companies will face bankruptcy, and few of these which are now being kept afloat by the Government will be able to pay any return to the shareholders."

"This will check the expansion of facilities just at a time when the country should be getting ready for an increased participation in world affairs."

"Railroad officials are fully alive to the seriousness of the situation and to the position of trust they occupy in trying to solve this problem fairly in the interest of the public, the great army of employees, the large number of owners and the still larger number who are vitally interested because of their savings bank deposits and insurance policies."

Dramatically opposed to the views of Mr. Elliott were those of Mr. Shaw, who advocated the continuance for at least two years of Government control and operation of the railroads. To hurry the roads back to private ownership just now would be a public calamity he insisted.

The chief executives of the railway labor organizations, he declared, "have become convinced and their conclusions are based on actual evidence—that the pending anti-strike legislation is below the wages of the railroad employees and their present inadequate level."

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S. C. C.'s Programme Reviewed.

Mr. Meyer's paper, read by Rowell C. C. C., dealt with the legislative programme of the Interstate Commerce Commission. He outlined such proposals as revision of the present limitations of common carriers, Government regulation of the issue of railroad securities and elimination of the "twilight zone" between Federal and State jurisdiction over railroads. He declared that the Interstate Commerce Commission was enlarged from fifteen members to twenty-five or thirty. Thus enlarged it would cease to be a commission, he said, but would be a convention.

Mr. Wardfield said in part: "There is every indication that the public aspect of the railroad problem solved and settled permanently. Anything less than the requirements of Section 6 of the Cummins bill will not meet their expectations."

"From my knowledge of the bond market I believe that owing to the present attitude of the investor the successful flotation of new bond issues is impossible to all but a limited number of railway companies. This preference for the securities of industries not subject to public regulation is one of the most pronounced characteristics of the market at present."

Prof. Dixon declared that despite the agitation of Socialists and the radical element of labor and in spite of the present attitude of the Government, the nationalization of railroads was not to be considered a probability of the near future. He said little or no sentiment toward this radical change was to be returned in the railroad system as upon some basis that will assure income enough to attract new capital. Alfred P. Thom, general counsel of the Association of Railway Executives, declared that the "great problem of the American railroads to-day is that of credit."

Rate fixing and other regulatory power should be invested in the Government, he said. He called Government regulation a dead issue, and was especially emphatic in urging that regulation of prices and rates be such that all classes of carriers will receive a proportionate, reasonable compensation without discrimination.

Representative Schuyler Merritt of Connecticut received much applause when he went on record against Government control. "You all know what I did not in not putting anything into the bill that even looked like public ownership," he said. He attacked the Plumb plan as a "broad and tainted scheme," and as a brazen attempt to tamper with the Government control.

HUMISTON SUIT DISMISSED.

Exhibition of Her Picture in Films Is Upheld.

The Appellate Division of the Supreme Court yesterday dismissed with costs the appeal brought by Mrs. Grace Humiston, lawyer, against the Universal Film Manufacturing Company. She claimed to have been damaged by the exhibition of moving pictures showing her during her activity in finding the body of Ruth Cruger.

The court on appeal, disagreeing with the Special Term, held that the exhibition of her picture and certain pictures and titles does not constitute using pictures "for advertising and trade purposes" such as is prohibited by certain sections of the civil rights law.

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